

HOUSE BILL No. 1917

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-18.5-2.

Synopsis: Civil property tax levies. Provides that, in determining a civil taxing unit's maximum property tax levy, the minimum increase in the unit's assessed value growth quotient is equal to the lesser of the rate of inflation (determined according to the Gross Domestic Product implicit price deflator prepared by the United States Department of Commerce) or 4%. (Current law provides that the minimum increase in the assessed value growth quotient is 5%.) Provides that for property taxes first due and payable in 2000 and 2001, a civil taxing unit may not impose a property tax rate that is greater than the property tax rate imposed by the civil taxing unit for property taxes first due and payable in 1999. Provides that this rate limit does not apply to property tax rates
(Continued next page)

Effective: July 1, 1999.

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January 26, 1999, read first time and referred to Committee on Ways and Means.



Digest Continued

imposed for a unit's debt service fund or to pay any other bond or lease obligations.

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Introduced

First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

HOUSE BILL No. 1917

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-1.1-18.5-2 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 2. (a) **As used in this**
3 **section, "price deflator" refers to the gross domestic product**
4 **implicit price deflator prepared by the United States Department**
5 **of Commerce.** For purposes of determining a civil taxing unit's
6 maximum permissible ad valorem property tax levy for an ensuing
7 calendar year, the civil taxing unit shall use the assessed value growth
8 quotient determined in the last STEP of the following STEPS:
9 STEP ONE: Determine the three (3) calendar years that most
10 immediately precede the ensuing calendar year and in which a
11 statewide general reassessment of real property does not first
12 become effective.
13 STEP TWO: Compute separately, for each of the calendar years
14 determined in STEP ONE, the quotient (rounded to the nearest
15 ten-thousandth) of the civil taxing unit's total assessed value of all



taxable property in the particular calendar year, divided by the civil taxing unit's total assessed value of all taxable property in the calendar year immediately preceding the particular calendar year. STEP THREE: Divide the sum of the three (3) quotients computed in STEP TWO by three (3).

STEP FOUR: Determine the greater of **the following**:

(A) The result computed in STEP THREE. ~~or one and five-hundredths (1.05).~~

(B) The following:

(i) **Determine the change in the price deflator for the state fiscal year that most immediately precedes the ensuing calendar year.**

(ii) **Determine the sum of one (1) plus the result determined under item (i).**

(iii) **Determine the lesser of the result determined under item (ii) or one and four-hundredths (1.04).**

STEP FIVE: Determine the lesser of the result computed in STEP FOUR or one and one-tenth (1.1).

(b) If the assessed values of taxable property used in determining a civil taxing unit's property taxes that are first due and payable in a particular calendar year are significantly increased over the assessed values used for the immediately preceding calendar year's property taxes due to the settlement of litigation concerning the general reassessment of that civil taxing unit's real property, then for purposes of determining that civil taxing unit's assessed value growth quotient for an ensuing calendar year, the state board of tax commissioners shall replace the **assessed value growth** quotient described in STEP TWO of subsection (a) for that particular calendar year. The state board of tax commissioners shall replace that quotient with one that as accurately as possible will reflect the actual growth in the civil taxing unit's assessed values of real property from the immediately preceding calendar year to that particular calendar year.

(c) **Not later than July 1 each year, the state board of tax commissioners shall provide each civil taxing unit and county auditor with an estimate of the assessed value growth quotient determined under subsection (a) that applies to the ensuing calendar year. Each civil taxing unit and county board of tax adjustment shall use the estimated assessed value growth quotient determined under subsection (a) by the state board of tax commissioners in preparing, adopting, and reviewing budgets, tax rates, and tax levies. Not later than October 1 each year, the state board of tax commissioners shall provide each civil taxing unit**



1 with a revised assessed value growth quotient using the latest
2 published data concerning the price deflator available to the state
3 board of tax commissioners. The state board of tax commissioners
4 shall use the revised assessed value growth quotient in certifying
5 budgets, tax rates, and tax levies under IC 6-1.1-17-16.

6 SECTION 2. [EFFECTIVE JULY 1, 1999] (a) Except as provided
7 in subsection (b) and notwithstanding any other law, a civil taxing
8 unit may not impose a property tax rate for property taxes first
9 due and payable in 2000 and for property taxes first due and
10 payable in 2001 that is greater than the property tax rate imposed
11 by the civil taxing unit for property taxes first due and payable in
12 1999.

13 (b) The property tax rate limit established in subsection (a) does
14 not apply to a property tax rate imposed by a civil taxing unit:

15 (1) for the civil taxing unit's debt service fund; or

16 (2) for payment of any other bond or lease obligations.

17 (c) This SECTION expires January 1, 2002.

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